

let us make a brief calculation, and for this purpose of comparison we regard Consols as perpetual annuities without the complication of redemption. When Consols stood at 3 per cent and the price was 103, a sum in proportion will show that the return per cent was £2 18s. *3d.* Now to obtain the same rate of return when the stock carries interest at 2½ per cent a similar calculation brings out a price of 85 to 86: so that 85 to 86 (or, more accurately, 85½) at 2½ is equivalent in standing to 103 at 3.

The national credit is not in want of repair; but the notion itself of measuring a nation's credit by the mere return afforded by its principal security is quite irrelevant. Its credit resides in its material resources'; the enterprising and skilful character of its people; the volume and value of its trade at home and abroad; its command of all markets for the products of its industries ; the free and elastic nature of its Government; and, controlling and influencing the whole scope of its activities, the honour and integrity of its mercantile and financial classes. A mass of speculative purchases enhances the value of Consols, and hence diminishes the return. Is this transient and capricious result a mark of augmented national credit at the time ? Is it a sign of national discredit when people are enabled to abandon investment in Consols, and thus tend to induce a decline in value and a higher return, by the attraction of their savings to the superior profitableness of trading operations and the loans which they demand, which in themselves afford the sure index of the country's repute ?

An excessive and disastrous additional cause of the recent fall was the idle destruction of capital in the Boer War. Strange though it be, wiseacres constantly forget that money cannot be wasted without less being left for investment purposes.

Dearness of money in general abstracted surpluses from Consols. Dearness of money implies increased trading activity, and offers the attraction of a more profitable employment of funds than Consols afford.

A contributory cause was created by the

destruction produced by fire and earthquake at San Francisco, which compelled the sale of securities by insurance companies for that immediate settlement of claims for which they are renowned.